



COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

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June 9, 2005

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TO: SUPERVISOR GLORIA MOLINA, Chairman
SUPERVISOR YVONNE BRATHWAITE BURKE
SUPERVISOR ZEV YAROSLAVSKY
SUPERVISOR DON KNABE
SUPERVISOR MICHAEL D. ANTONOVICH

FROM: RAYMOND G. FORTNER, JR.
Chief Deputy County Counsel

RE: **Litigation Cost Manager's Annual Report on Cost Reduction
Measures for 2005-06 (Monday, June 20, 2005, Budget
Deliberations)**

Attached is the report by the County Counsel Litigation Cost Manager in response to your Board's order for an annual report of projected legal cost savings measures.

In his report, the Litigation Cost Manager identifies several measures that have been put in place which will enhance our ability to manage the cost of litigation and achieve cost reductions in indemnity payments and legal fees and costs. As explained in his report, these measures will provide the most significant identifiable results after the data is available for three full fiscal years.

The Office of the County Counsel is committed to assisting in the timely and accurate assembling of all relevant data so that the measures described in this report will be reliable and meaningful, all in furtherance of the goal of reducing litigation costs to the County.

If you have any questions in this matter, please contact me, Chief Deputy County Counsel Donovan Main at 974-1829, or Litigation Cost Manager Robert Nagle at 974-1822.

RGF:gp

Attachment

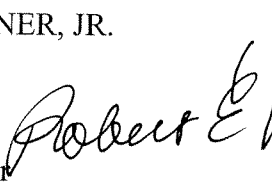
c: David E. Janssen
Chief Administrative Officer

Violet Varona-Lukens, Executive Officer
Board of Supervisors

MEMORANDUM

June 9, 2005

TO: RAYMOND G. FORTNER, JR.
County Counsel

FROM: ROBERT E. NAGLE 
Litigation Cost Manager

RE: **Litigation Cost Manager's Annual Report**

This memorandum is to respond to the Board of Supervisors' request for measures implemented by the Litigation Cost Manager for fiscal year 2005/2006 to continue to reduce the costs of litigation for the County. Under separate cover and subject to the attorney-client and attorney work product privilege, I have provided to the Board a detailed report of litigation results obtained for the Third Quarter of FY 2004/2005.

To recap some of the highlights contained in that report:

- The amount paid out in Judgments and Settlements over the past two years have been dramatically reduced:

<u>Year</u>	<u>Amount Paid in Judgments & Settlements</u>
2000-2001	\$58,343,405
2001-2002	\$62,723,319
2002-2003	\$57,442,032
2003-2004	\$26,326,925
First Three Quarters 2004-2005	\$16,686,109 (as compared to \$16,387,262 paid out during first three quarters FY 2003/2004)

- County has taken 32 cases to trial during FY 2004/2005 with the following results:
 - 19 Defense Verdicts in favor of the County (59%);
 - 7 Dismissal of Plaintiff's lawsuit prior to verdict (22%);
 - 81% of trials resulted in favorable verdict for the County

- 3 Verdicts against the County under \$50,000;
- 1 Verdict against the County for \$123,500;
- 1 Verdict against the County for \$225,000;
- 1 Verdict against the County for \$500,000.

- 404 lawsuits have been dismissed by the Courts during the first three quarters of FY 2004/2005 as compared to 162 lawsuits being dismissed during the first three quarters of FY 2003/2004;

- 441 cases were resolved during the Third Quarter of FY 2004/2005 by settlement, trial, dismissal or recovery;

- 213 new lawsuits were filed against the County during the Third Quarter FY 2004/2005;

- County Counsel has recovered through litigation the amount of \$12,737,724 during the first three quarters of FY 2004/2005;

- County Counsel has taken 17 Civil Service cases to hearing during the Third Quarter FY 2004/2005 where 15 cases resulted in the affirmation of the Employing Department's position (a success rate of 88%);

- 21 Appellate Decisions rendered in favor of the County out of 31 Appellate decisions (67% success rate - including reversals of \$1,000,000 jury verdict in *Jay Reynolds v. COLA* and reversal of \$12.5 million default judgment against the County in *Veronica Olivares v. COLA*).

The County has obtained significant success in taking cases to trial through increased utilization of the "Round Table" process. Successful outcomes will always be driven by an accurate assessment of the facts. The round table process is an essential element, which brings together through the direction of the Office of County Counsel, those individuals in the Department most familiar with the facts of the case, outside counsel, County Counsel and risk management in order to fully discover and analyze any adverse facts related to the litigation. The determination to settle a case or take it to trial can only be made once most of the critical facts have been uncovered and analyzed by County Counsel. The earlier a case is round-tabled, the earlier County Counsel can take advantage and assure of being ahead of the curve to make an objective determination and assessment of the case value and economically dispose of the case or determine that the case should be tried.

The more cases taken to trial by County Counsel with positive results (a defense verdict, dismissal prior to verdict or a judgment against the County less than the amount authorized for settlement) will have a significant and

beneficial effect on the ultimate value of cases settled by the County. The Office of County Counsel is committed to the Round Table process and for FY 2005/2006 will expand the Round Table process to all divisions within County Counsel, and to move toward scheduling earlier Round Tables for cases involving attorney fees and costs anticipated to be in excess of \$100,000.

The County's legal data base was transferred into the RMIS system effective March 1, 2003. The converted data into the system is being reviewed and cleaned up for all cases that were open as of March 1, 2003. I have issued regular quarterly reports to the Board of Supervisors since December 2003 detailing the results of the efforts of the Office of County Counsel in litigation management, with significant reductions in fees and costs paid to Outside Counsel, reduction in amounts paid out in Judgments and Settlements and the documentation of significant recoveries for the County as a result of the efforts of County Counsel through litigation.

This database is growing to provide sufficient data to start an objective assessment of the quality of litigation results being provided by the County's outside panel of attorneys. As mentioned in my prior annual report, the assessment of outside counsel will be measured during FY 2005/2006 based on the following criteria: (1) Duration, the length of time it takes from receipt of a new lawsuit until it's resolution; (2) Indemnity Paid, the amount of indemnity (settlements and judgments) paid out on litigated cases; (3) Legal Fees paid, the average legal fees paid out on similar types of litigated cases; (4) Legal Expenses paid, the average expenses (including expert witness fees) paid out on similar types of litigated files.

All of my efforts and those of County Counsel will be dedicated during FY2005/2006 to continue the reduction of both Judgments and Settlement to be paid out by the County, the reduction of legal fees and expenses incurred by the County and the maximization of recoveries on behalf of the County.

If you need further clarification regarding any item contained in this memorandum, please contact me. The litigation management techniques described above have proven to be very effective in the reduction of litigation costs in my prior years in private industry.

If you have questions concerning this matter, please contact me, Litigation Cost Manager Robert E. Nagle, at (213) 974-1822.

REN